

**LAUDERDALE COUNTY EMERGENCY
COMMUNICATIONS DISTRICT**

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED JUNE 30, 2010

**LAUDERDALE COUNTY EMERGENCY
COMMUNICATIONS DISTRICT**

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Board of Directors
Lauderdale County Emergency
Communications District
Ripley, Tennessee

Independent Auditor's Report

We have audited the accompanying basic financial statements of the Lauderdale County Emergency Communications District (the District), a discretely presented component unit of Lauderdale County, Tennessee, as of and for the year ended June 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the financial statements present only the financial position of the District, and do not present the financial position of Lauderdale County, Tennessee in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the District, at June 30, 2010, and the results of its operations and cash flows, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 3 through 5 and the schedule of funding progress are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

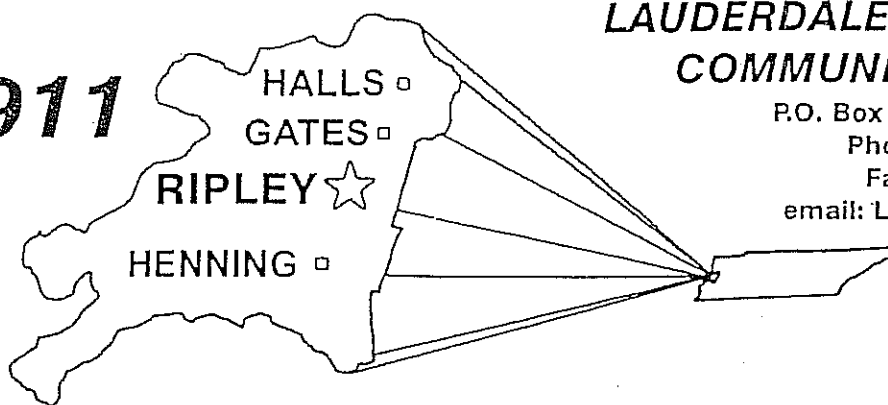
In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2010 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and contracts. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The financial information listed as supporting schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements and in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on it.

November 8, 2010

Newbill & Henry

E-911



LAUDERDALE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

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Management's Discussion and Analysis

The following discussion and analysis of the Lauderdale County Emergency Communications District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2010.

Financial Highlights

- The assets of the Lauderdale County Emergency Communications District exceeded its liabilities at the close of the most recent fiscal year by \$1,191,331 (*net assets*). Of this amount, \$631,176 may be used to meet the government's ongoing obligations to citizens and creditors.
- The total net assets increased by \$201,335 (20.3 percent) during the year.

Overview of the Financial Statements

The financial statements consist of two components: fund financial statements and notes to the financial statements. This report also contains other supplementary information.

As an enterprise fund supported by user tariffs and charges, the financial statements of the Lauderdale County Emergency Communications District are presented on the full accrual basis, presenting assets and liabilities of the District in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Lauderdale County Emergency Communications Districts assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of revenues, expenses and changes in net assets* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected telephone service charges and earned but unused employee compensated absences).

Fund financial statements. A fund is established to account for a specific activity or purpose. Law mandates the creation of some funds. Other funds are established by management to demonstrate financial compliance with budget or legal requirements. The District is reported as a proprietary fund.

Notes to financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's progress in funding its obligation to provide pension benefits to its employees. This section also includes a budgetary comparison schedule and required information that is unique to emergency communication districts.

Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Lauderdale County Emergency Communications District, assets exceeded liabilities by \$1,191,331 at the close of the most recent fiscal year.

The largest portion of the District's assets (46%) reflects its investment in building and equipment. Investments (16.4%) and cash and equivalents of (33.6%) comprise the other major assets of the District. The building and equipment are used to provide services to citizens. Consequently, these assets are not available for future spending.

Lauderdale County Emergency Communications District's Net Assets

Current assets	\$ 657,203	\$ 388,876
Fixed assets	<u>560,155</u>	<u>607,818</u>
Total assets	<u>\$1,217,358</u>	<u>\$ 996,694</u>
Current liabilities	\$ 26,027	\$ 6,698
Net assets:		
Invested in capital assets	560,155	607,818
Unrestricted	<u>631,176</u>	<u>382,178</u>
Total net assets	<u>\$1,217,358</u>	<u>\$ 996,694</u>

The unrestricted net assets may be used to meet the ongoing obligations of the District to citizens and creditors. The net assets increased by \$201,332 in the last fiscal year.

Lauderdale County Emergency Communications District's Statement of Revenues, Expenses and Changes in Net Assets

Operating revenues	\$ 348,327	\$ 428,666
Operating expenses	<u>362,925</u>	<u>338,403</u>
Total operating income (deficit)	\$ (14,598)	\$ 90,263
Nonoperating revenues	5,612	7,306
Capital contributions	<u>210,332</u>	<u>10,766</u>
Change in net assets	<u>\$ 201,346</u>	<u>\$ 108,335</u>

Budgetary Highlights

Differences between the original budget and the final operations were \$177,609. The primary difference is due to operating expenses being less than anticipated. Capital contributions from the State of Tennessee provided \$210,332. The differences are not expected to have a significant effect on future services or liquidity.

Capital Assets

The Lauderdale County Emergency Communications District's investment in capital assets was \$560,155 (net of accumulated depreciation) as of June 30, 2010. This included buildings and building improvements, communication equipment, office equipment and furniture and fixtures. No debt was created in relationship to the capital assets purchases.

Future projections

The District anticipates that providing the emergency dispatching for Lauderdale County will result in operating expenditures exceeding operating revenues for the foreseeable future. The District possesses sufficient assets to fund operations and equipment needs for the next five years or more. The board of directors assures the residents of Lauderdale County that the board will continue to meet the needs of the residents and fulfill its mission to provide emergency communication services to the public. Through State capital contributions, the District is upgrading the equipment and capabilities of the organization to meet established standards.

Requests for information

This financial report is designed to provide a general overview of the Lauderdale County Emergency Communications District's finances for those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Board of Directors of the Lauderdale County Emergency Communications District at PO Box 142, Ripley, Tennessee 38063-0142.

Frank Currie

Frank Currie
Chairman
Lauderdale County Emergency Communications District
Lauderdale County, Tennessee

LAUDERDALE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

STATEMENT OF NET ASSETS

JUNE 30, 2010

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 409,869
Investments	200,000
Accrued interest	523
Receivable--tariff income	11,375
Due from Tennessee Emergency Communications Board	<u>35,436</u>
Total Current Assets	657,203

FIXED ASSETS

Buildings and equipment	818,173
Less accumulated depreciation	<u>258,018</u>
Total Fixed Assets	<u>560,155</u>

Total Assets	<u>\$ 1,217,358</u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 24,243
Compensated absences payable	<u>1,784</u>
Total Current Liabilities	<u>26,027</u>

Total Liabilities	<u>26,027</u>
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NET ASSETS

Invested in capital assets	560,155
Unrestricted	<u>631,176</u>
Total Net Assets	<u>1,191,331</u>
Total Liabilities and Net Assets	<u>\$ 1,217,358</u>

LAUDERDALE COUNTY EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2010

OPERATING REVENUES

Emergency Telephone Service Charge	\$ 155,807
State Emergency Communications Board-shared Wireless Charge	68,603
State Emergency Communications Operational Funding	<u>123,917</u>
Total Operating Revenues	348,327

OPERATING EXPENSES

Salaries and Wages	
Director	8,490
Administration	8,800
Dispatchers	113,555
Part-time	<u>19,345</u>
Total Salaries and Wages	150,190

Employee Benefits

Social Security	9,576
Medicare	2,233
Medical insurance	14,538
Unemployment	1,290
Retirement	5,911
Worker's compensation	<u>1,577</u>

Total Employee Benefits 35,125

Contracted Services

Addressing	6,846
Audit service	3,050
Accounting	4,430
Administration	1,418
Legal	228
Maintenance	630
Pest control	360
Lease/Rental - communications equipment	48,774
Lease/Rental -Building and facilities	360
Maintenance and Repairs - communications equipment	6,533
Maintenance and Repairs-Building	1,567
Fuel - vehicles	<u>1,800</u>

Total Contracted Services 75,996

LAUDERDALE COUNTY EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2010

Supplies and Materials	
Office supplies	3,484
Postage	119
Utilities - electric	5,943
Utilities - gas and water	1,219
Utilities - general telephone	<u>6,475</u>
Total Supplies and Materials	17,240
Other Charges	
Bank charges	197
Board meeting expenses	24
Dues and memberships	120
Insurance - building, contents and liability	9,125
Insurance - auto	966
Legal notices	552
Surety bonds	1,154
Training expenses	644
Travel expense	<u>451</u>
Total Other Charges	13,233
Depreciation	
Depreciation Expense	<u>71,141</u>
Total Operating Expenses	<u>362,925</u>
Operating Income (Loss)	<u>(14,598)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest Income	<u>5,612</u>
Total Nonoperating Revenues (Expenses)	<u>5,612</u>
Income (Loss) Before Contributions	(8,986)
CAPITAL CONTRIBUTIONS	
Contributions from State Emergency Communications Board	<u>210,332</u>
Change in net assets	<u>201,346</u>
NET ASSETS--JULY 1, 2009	<u>989,985</u>
NET ASSETS--JUNE 30, 2010	<u>\$ 1,191,331</u>

LAUDERDALE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2010

CASH FLOW FROM OPERATING ACTIVITIES

Receipts from tariffs	\$ 368,011
Payments to suppliers for goods and services	(118,149)
Payments to employees for services	<u>(154,306)</u>

Net Cash Provided by Operating Activities	95,556
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CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Purchase of fixed assets	(23,478)
Contributions from other governments	<u>210,332</u>

Net Cash Used by Capital and Related Financing Activities	186,854
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CASH FLOW FROM INVESTING ACTIVITIES

Interest received	<u>5,919</u>
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Net Increase (Decrease) in Cash	288,329
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Cash and Cash Equivalents at Beginning of the Year	<u>121,540</u>
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Cash and Cash Equivalents at End of the Year	<u>\$ 409,869</u>
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**RECONCILIATION OF OPERATING INCOME TO NET CASH
PROVIDED BY OPERATING ACTIVITIES:**

Operating income from operations	\$ (14,598)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	71,141
Increase (decrease) in payables	19,329
Decrease (increase) in receivables	<u>19,684</u>

Total Adjustments	<u>110,154</u>
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Net Cash Provided by Operating Activities	<u>\$ 95,556</u>
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LAUDERDALE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

Note 1 – Summary of significant accounting policies

A. Reporting entity

Lauderdale County Emergency Communications District, Lauderdale County, Tennessee is a governmental agency authorized by Tennessee state law and approved by the voters of the County. The District provides a simplified method of securing emergency services for the residents of Lauderdale County, Tennessee. A seven-member board appointed by the County Commission governs the District. Because the District cannot issue debt without the approval of the county commission, Lauderdale County Emergency Communications District has been determined to be a discrete component unit of Lauderdale County, Tennessee. The financial statements presented include only the Lauderdale County Emergency Communications District and the monies and funds managed by the Board of Directors of the District.

B. Measurement focus, basis of accounting, and financial statement presentation

The financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The District distinguishes *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District are tariffs charged to telephone users. Operating expenses for the District include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The District has elected not to follow subsequent private-sector guidance.

C. Assets, liabilities, and net assets or equity

1. Deposits and investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the District to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool. The District has no investments that meet these criteria. All investments of the District consist of Certificates of Deposit, which are stated at cost.

LAUDERDALE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

2. Receivables and service fees

Fees collected by the Lauderdale County Emergency Communications District are derived from tariffs assessed on the telephone customers of Lauderdale County, Tennessee. The tariff is billed and collected by Bell South and other telephone companies, who then remit the amounts collected to the District.

At June 30, 2010, accounts receivable represent service fees collected by the entities named above and not remitted to the District.

The Tennessee Emergency Communications Board collects tariffs from the cell phone users in Lauderdale County. Twenty-five percent of the fees collected are remitted to the Lauderdale County Emergency Communications District. The TECB has also remitted operational funding monies and reimbursed the district for upgraded equipment. The amount due is reflected as Due from Tennessee Emergency Communications Board.

3. Capital assets

Fixed assets consist of buildings, communications equipment, and office equipment owned by the District. The fixed assets are capitalized at cost. Depreciation for furniture, fixtures, and equipment is computed using the straight-line method over a five to ten-year estimated life of the assets. Buildings and building improvements are depreciated over a forty-year estimated life using the straight-line method.

Depreciation expense charged to operations was \$71,141 for the year ended June 30, 2010.

Capitalization of fixed asset type purchases is determined on an item by item basis.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

4. Compensated absences

It is the Districts policy to permit employees to accumulate earned but unused vacation, holiday, and compensatory pay benefits.

Vacation benefits are earned in accordance with the following table.

<u>Length of Service</u>	<u>Benefit</u>
1 year	4 hours/Month
After 1 year	8 hours/Month

Maximum accumulation – 80 hours

There is no liability for unpaid accumulated sick leave.

LAUDERDALE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

Compensatory and holiday time is payable to the employee at 1½ times the number hours actually worked. The District has accrued absences that have been earned by the employees and are payable in accordance with the above table.

5. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumption that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2 – Stewardship, compliance, and accountability

A. Budgetary information

An annual budget is officially adopted by the governing body and approved by the County Commission on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at fiscal year end. The proposed budget is approved by the Board of Directors in June of each year. The budget is prepared by line item. Transfer of amounts between line items requires Board approval.

B. Excess of expenditures over appropriations

Expenditures were less than appropriations.

Note 3 – Detailed notes on all funds

A. Cash and investments

Cash and investments, which are stated at cost, consisted of the following:

Cash in banks	\$ 409,869
Certificates of deposit	<u>200,000</u>
Total	<u>\$ 609,869</u>

Cash in banks and certificates of deposits, are insured up to \$ 250,000 by the Federal Deposit Insurance Corporation (FDIC). At June 30, 2010 all monies were covered by FDIC or covered by the Tennessee Collateral Pool. The Board of Directors approves all investments. The investments consist of certificates of deposits and are in conformity with State guidelines. All cash and investments are held by the depositories in the name of the District.

LAUDERDALE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

B. Capital assets

Fixed assets are summarized as follows:

	<u>Balance June 30, 2009</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2010</u>
Capital assets being depreciated:				
Building and improvements	\$ 158,842	\$ 0	\$ 0	\$ 158,842
Communications equipment	540,209	19,436	0	559,645
Office equipment	79,519	4,042	0	83,561
Furniture and fixtures	<u>16,125</u>	<u>0</u>	<u>0</u>	<u>16,125</u>
Subtotals	794,695	23,478	0	818,173
Less accumulated depreciation for:				
Building and improvements	29,278	4,090	0	33,368
Communications equipment	96,053	53,413	0	149,466
Office equipment	52,552	12,366	0	64,918
Furniture and fixtures	<u>8,994</u>	<u>1,272</u>	<u>0</u>	<u>10,266</u>
Subtotals	<u>186,877</u>	<u>71,141</u>	<u>0</u>	<u>258,018</u>
Total capital assets being depreciated, net	<u>\$ 607,818</u>	<u>\$(47,663)</u>	<u>\$ 0</u>	<u>\$ 560,155</u>

C. Leases

The Emergency Communications District leases answering and monitoring equipment from AT& T under operating leases for an indefinite period. The lease, which began at the date of installation, is billed to the District at a monthly rate of \$ 3,882.

The following is a schedule by years of expected minimum future rentals on operating leases as of June 30, 2010:

Year ended June 30:

2011	\$ 46,584
2012	\$ 46,584
2013	\$ 46,584
2014	\$ 46,584
2015	\$ 46,584

LAUDERDALE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

Note 4 – Other information

A. Risk management

Under Tennessee State Law, the board of directors is immune from liability unless they are grossly negligent. Therefore, no additional liability insurance is purchased on behalf of the board members. Board members who are responsible for the cash management of the District are covered under an insurance bond. The Board insures the equipment from loss through commercial insurance. Insurance has been purchased to protect against dispatcher negligence or omissions. No settlements have occurred in any of the prior three years.

B. Related party transactions

The District leases office space from an employee to house computer equipment and to transact the day-to-day business of the District. The lease is a month to month operating lease. The agreement was discontinued during the year.

C. Concentration of credit risk

The District receives its operating funds from tariffs assessed on and collected from telephone users in Lauderdale County, Tennessee. While the District has a broad consumer base, the ability of consumers to pay their accounts is dependent on the economic conditions of the area.

D. Retirement plan

Plan description

Employees of Lauderdale County 911 are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979 become vested after five years of service and members joining prior to July 1, 1979 were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapter 34-37 of the Tennessee Code Annotated (TCA). State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Lauderdale County 911 participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at www.treasury.state.tn.us.

LAUDERDALE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

Funding policy

Lauderdale County 911 requires employees to contribute 5.0 percent of earnable compensation.

Lauderdale County 911 is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2010 was 5.45% of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Lauderdale County 911 is established and may be amended by the TCRS Board of Trustees.

Annual pension cost

For the year ending June 30, 2010 Lauderdale County 911's annual pension cost of \$ 6,414 to TCRS was equal to Lauderdale County 911's required and actual contributions. The required contribution was determined as part of the July 1, 2007 actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post retirement increases of 3.0 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. Lauderdale County 911's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2007 was 13 years. An actuarial valuation was performed as of July 1, 2009, which established contribution rates effective July 1, 2010.

Trend Information

<u>Fiscal Year</u> <u>Ending</u>	<u>Annual Pension Cost</u> <u>(APC)</u>	<u>Percentage of APC</u> <u>Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
June 30, 2010	\$ 6,414	100.00%	\$ 0.00
June 30, 2009	\$ 5,728	100.00%	\$ 0.00
June 30, 2008	\$ 5,348	100.00%	\$ 0.00

Funded Status and Funding Progress

As of July 1, 2009, the most recent actuarial valuation date, the plan was 96.31% percent funded. The actuarial accrued liability for benefits was \$0.09 million, and the actuarial assets were \$0.08 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$0.00 million. The covered payroll (annual payroll of active employees covered by the plan) was \$0.08 million, and the ratio of the UAAL to the covered payroll was 3.77% percent.

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALS for benefits.

LAUDERDALE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

The annual required contribution (ARC) was calculated using the aggregate actuarial cost method. Since the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and this information is intended to serve as a surrogate for the funded status and funding progress of the plan.

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 01, 2009	\$83	\$87	\$3	96.31%	\$85	3.77%
July 01, 2007	\$60	\$52	(\$8)	115.38%	\$76	-10.53%

LAUDERDALE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS

FOR THE YEAR ENDED JUNE 30, 2010

Schedule of Funding Progress for Lauderdale County 911 89550

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 01,2009	\$83	\$87	\$3	96.31%	\$85	3.77%
July 01,2007	\$60	\$52	(\$8)	115.38%	\$76	-10.53%

The Governmental Accounting Standards Board (GASB) requires the plan to prepare the Schedule of Funding Progress using the entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the Entry Age actuarial cost method went into affect during the year of the 2007 actuarial valuation, therefore only the two most recent valuations are presented.

LAUDERDALE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

**STATEMENT OF REVENUES, EXPENDITURE, AND CHANGES IN
NET ASSETS - BUDGET AND ACTUAL**

FOR THE YEAR ENDED JUNE 30, 2010

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE-- FAVORABLE (UNFAVORABLE)
OPERATING REVENUES				
Emergency Telephone Service Charge	\$ 165,000	\$ 165,000	\$ 155,807	\$ (9,193)
State Emergency Communications Board--Shared Wireless	125,000	125,000	68,603	(56,397)
TECB Cell Distributuion	86,000	86,000	123,917	37,917
Other Operating Revenue	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>(10,000)</u>
Total Operating Revenues	386,000	386,000	348,327	(37,673)
OPERATING EXPENSES				
Salaries and Wages				
Director	8,100	8,600	8,490	110
Part-Time Assistant	10,400	10,400	8,800	1,600
Dispatchers	130,312	130,312	113,555	16,757
Overtime Pay	9,375	9,375	-	9,375
Part-Time Personnel	21,000	20,500	19,345	1,155
Pay Bonuses/Longevity	2,500	2,500	-	2,500
Employee Benefits				
Social Security	11,265	11,265	9,576	1,689
Medicare	2,635	2,635	2,233	402
Health Insurance	23,520	22,860	14,538	8,322
Unemployment Compensation	840	1,500	1,290	210
Retirement	7,239	7,239	5,911	1,328
Workman's Compensation	1,800	1,800	1,577	223
Contracted Services				
Mapping	10,000	10,000	6,846	3,154
Administrative	-	-	1,418	(1,418)
Advertising	1,500	1,500	-	1,500
Audit Services	3,800	3,800	3,050	750
Accounting	2,750	4,750	4,430	320
Janitorial Services	1,000	1,000	-	1,000
Legal	3,500	500	228	272
Maintenance Agreements	4,800	4,600	630	3,970
Pest Control	250	450	360	90
Lease/Rental Communications Equipment	46,584	46,224	48,774	(2,550)
Lease/Rental Buildings and Facilities	-	360	360	-
Maintenance and Repairs - Communications Equipment	5,000	5,000	6,533	(1,533)
Maintenance and Repairs-- Building	4,500	4,500	1,567	2,933
Maintenance/Repairs-Office Equipment	3,500	3,500	-	3,500
Fuel - Vehicles	1,800	1,800	1,800	-
Supplies and Materials				
Office Supplies	4,750	4,750	3,484	1,266

See accountant's report.

LAUDERDALE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

**STATEMENT OF REVENUES, EXPENDITURE, AND CHANGES IN
NET ASSETS - BUDGET AND ACTUAL**

FOR THE YEAR ENDED JUNE 30, 2010

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE-- FAVORABLE (UNFAVORABLE)
Custodial Supplies	1,200	1,200	-	1,200
Postage	475	475	119	356
Small Equipment Purchases	7,500	7,500	-	7,500
Utilities - Electric	5,700	7,000	5,943	1,057
Utilities - Gas/Propane	1,200	1,200	1,219	(19)
Utilities - Water and Sewer	1,900	600	-	600
Utilities - General Telephone	5,300	6,000	6,475	(475)
Other Supplies and Materials	2,500	1,800	-	1,800
Other Charges				
Bank Charges	200	200	197	3
Board Meeting Expenses	500	500	24	476
Dues and Memberships	3,000	3,000	120	2,880
Insurance - Liability General/Management	1,862	1,862	1,862	-
Insurance - Building/Contents/Equipment	7,681	7,681	7,263	418
Insurance - Vehicles	975	975	966	9
Legal Notices	1,200	1,000	552	448
Premiums on Surety Bonds	1,000	1,200	1,154	46
Service Awards	750	750	-	750
Training Expenses	4,500	4,500	644	3,856
Travel Expenses	6,000	6,000	451	5,549
Internet Charges	600	600	-	600
Depreciation	-	-	71,141	(71,141)
Total Operating Expenses	376,763	375,763	362,925	12,838
Operating Income (Loss)	9,237	10,237	(14,598)	(24,835)
NONOPERATING REVENUES (EXPENSES)				
Interest Income	3,400	3,500	5,612	2,112
Contributions from Other Governments	-	10,000	210,332	200,332
Total Nonoperating Revenues (Expenses)	3,400	13,500	215,944	202,444
Change in Net Assets	12,637	23,737	201,346	177,609
NET ASSETS - JUNE 30, 2009	989,985	989,985	989,985	-
NET ASSETS - JUNE 30, 2010	\$1,002,622	\$1,013,722	\$1,191,331	\$ 177,609

See accountant's report.

LAUDERDALE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

BOARD OF DIRECTORS

JUNE 30, 2010

Frank Currie-Chairman
Eric Newman-Treasurer
Mary Miller-Secretary
Celeste Henry
Steve Sanders
Cecil Crowder
Larry White

Jonathan Gay-Director

LAUDERDALE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

**SCHEDULE OF INFORMATION REQUIRED BY THE
TENNESSEE EMERGENCY COMMUNICATIONS BOARD**

FOR THE YEAR ENDED JUNE 30, 2010

Number of public safety answering points (PSAP): 1

Address of each PSAP: 132 Dodge Drive
Ripley, TN 38063

Type of system/equipment and database used by each PSAP: Positron equipment,
database monitored by
AT&T.

Name, address, telephone number, and fax number of the director of
the emergency communications district: Jonathan Gay
15570 Highway 87
Henning, TN 38041
phone (731) 738-5917
fax (731) 738-5914

Name, address, telephone number, and fax number of the chairman
of the emergency communications district: Frank Currie
P.O. Box 499
Henning, TN 38041
phone (731) 635-4599
fax (731) 738-2625

ROBERT T. NEWBILL, C.P.A.
J. RODNEY HENRY, C.P.A.

Newbill & Henry
CERTIFIED PUBLIC ACCOUNTANTS
400 MASONIC STREET
DYERSBURG, TENNESSEE 38024
Telephone: (731) 285-6884
Fax: (731) 285-6885

**Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an
Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

Board of Directors
Lauderdale County Emergency
Communications District
Ripley, Tennessee

We have audited the financial statements of the Lauderdale County Emergency Communications District (the District), a discretely presented component unit of Lauderdale County, Tennessee, as of and for the year ended June 30, 2010, and have issued our report thereon dated November 8, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be control deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned function, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses to be control deficiencies in internal control over financial reporting as item 2007-1.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the control deficiencies described above is a material weakness.

Control and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as items 2007-3 and 2008-2.

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the District's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Board of Directors, pass through entities, the State of Tennessee Comptroller's Office and other regulatory bodies, and is not intended to be and should not be used by anyone other than those specified parties.

November 8, 2010

Newbill & Henry

LAUDERDALE COUNTY EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF FINDINGS, RECOMMENDATIONS, AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2010

- 2007 – 1 Finding – Disbursements of District funds are not always evidenced by supporting documentation.
- Recommendation – All disbursements must be supported by vendor's invoices, billing statements, check requests, etc.
- Response – We understand the necessity of this suggestion, and we will insure that supporting documentation for all expenditures is available for inspection.
-
- 2007 – 3 Finding – Certain line item expenditures exceeded approved budgeted expenditures. Although total expenditures were less than total approved budgeted expenditures, the legal level of control is at the line item level.
- Recommendation – We recommend that District personnel review the budget near the end of the fiscal year and submit any necessary amendments to the Board for its approval. Substantial improvement was noted over the previous year.
- Response – We will further refine our procedures.
-
- 2008-2 Finding – The District does not have a capitalization threshold.
- Recommendation – The District should adopt a capitalization threshold or specify a dollar value that assets must exceed if they are to be capitalized. The District is free to select different capitalization thresholds for different capital asset classes.
- Response – We will consult with our fee accountant and develop a capitalization policy.

Resolution of prior audit findings:

Findings 2007-1, 2007-3, and 2008-2 are repeated from the previous year.

